

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

In Re:

Wayzata-Rochester 16 Hospitality,  
Associates, LLC,  
Debtor.

BKY No.: 16-32038

Chapter 11

**NOTICE OF EXPEDITED HEARING  
AND MOTION FOR APPROVAL  
TO USE CASH COLLATERAL  
AND FOR ADEQUATE PROTECTION**

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**TO: THE DEBTOR, THE UNITED STATES TRUSTEE, AND OTHER PARTIES IN  
INTEREST AS SPECIFIED IN LOCAL RULE 9013.3.**

1. Wayzata-Rochester 16 Hospitality Associates, LLC (hereinafter referred to as "Debtor"), the Debtor-In-Possession in the above-referenced proceeding, moves the Court for expedited relief and gives notice of hearing.
2. The Court will hold an Expedited Telephonic Hearing on the Debtor's Motion at 11:30 a.m. on Thursday, June 30, 2016, before the Honorable William J. Fisher, or as soon thereafter as counsel can be heard. Contact Jamie Smith at 651-848-1061 or by email: [Jamie\\_Smith@mnb.uscourts.gov](mailto:Jamie_Smith@mnb.uscourts.gov) if you want to participate in the telephonic hearing. A final hearing on the Debtor's Motion for Use of Cash Collateral and for Adequate Protection ("Motion") is set for 1:30 p.m. on Tuesday, August 2, 2016, before the Honorable William J. Fisher, in Courtroom No. 2B, United States Courthouse, 316 North Robert Street, St. Paul, MN 55101.
3. Any response to the Expedited Telephonic Hearing and Motion shall be filed and served not later than 2 hours prior to the hearing date. Any response to the Final Hearing on the Debtor's Motion shall be filed and served not later than Thursday, July 28, 2016 which is five days prior to the hearing date. THE COURT MAY ALSO GRANT THE

DEBTOR'S MOTIONS, INCLUDING FINAL APPROVAL OF ANY ADEQUATE PROTECTION AGREEMENTS WITHOUT A FURTHER HEARING UNLESS AN APPROPRIATE OBJECTION IS INTERPOSED IN ACCORDANCE WITH THE RULES.

4. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§157 and 1334, Bankruptcy Rule 5005 and Local Rule 1070-1. This is a core proceeding. The case is now pending in this Court, having been filed on June 27, 2016.

5. This Motion arises under 11 U.S.C. §§363 and 361, together with Bankruptcy Rule 4001(c) and Local Rule 4001-2. The Debtor seeks an expedited Hearing on its Motion to use cash collateral and to provide adequate protection.

6. The Debtor's business operations consist of operating a Wyndham Hotel in Rochester Minnesota. The Debtor's pre-bankruptcy assets consist of the hotel property, cash, accounts receivable and fixtures and equipment utilized in the operation of the hotel business. The Debtor has multiple creditors who claim an interest in cash collateral ("Secured Creditors"). The principal creditor is Access Point Financial, Inc. which filed a Financing Statement with the Minnesota Secretary of State on April 22, 2013. Access Point Financial, Inc. claims a security interest in virtually all assets of the Debtor. Access Capital is owed approximately \$6,616, 907.00. The Debtor also believes that Access Point Financial, Inc. may have a recorded Assignment of Leases. There is an additional creditor contending and claiming an interest in cash collateral as evidenced by a Financing Statement recorded March 15, 2015 by Corporation Service Company as a representative of an unknown and unlisted creditor. This Financing Statement, as well as all others, was recorded prior to the perfection of the security interest by Access Point Financial, Inc. In addition, a Financing Statement was recorded by Shawn Hellein on June 7, 2016. A

Financing Statement was recorded by Bemidji HGW, LLC on June 7, 2016. A further Financing Statement was recorded by Shawn Hellein on June 7, 2016. Lastly, a Financing Statement was recorded on June 7, 2016 by Paul Saffell. The Financing Statements recorded by Hellein, Saffell and Bemidji HGW, LLC may be chapter 5 avoidable transfers as they were recorded within weeks of the commencement of this proceeding. Lastly, the State of Minnesota Department of Revenue filed a Tax Lien against the Debtor on March 17, 2016 in the amount of \$249,287.00.

7. The Debtor's verified Rule 4001-2 Statement is attached to this Motion and marked as **Exhibit A**. The Statement includes cash flow projections for the period commencing July 1, 2016 and ending December 31, 2016. It also contains a list of critical expenditures that the Debtor needs to make during the month of July 2016 to maintain and continue operations. The Debtor's essential expenses include payroll, repairs, utilities, insurance payments, license and franchise fees, etc.

8. As can be seen from the attached Rule 4001-2 Statement, the Debtor's assets will remain the same or will increase during the time sought for use of cash collateral.

9. Cause exists to hear this matter on an expedited basis. The Debtor will suffer irreversible and irreparable harm if it is not able to use cash collateral to pay critical expenses. The expenditures the Debtor proposes to make between the preliminary hearing on the Debtor's Motion and the Final Hearing are described in detail on the attached verified Rule 4001-2 Statement. If the Debtor is unable to pay these expenses, it will not be able to conduct its business.

10. Shortly before the commencement of this case, Access Point Capital, Inc. obtained a State Court Order appointing a Receiver. The Receiver is David Akridge, Great American Hotel Group, Inc. As of now, the Receiver is not complying with the requirements of 11 U.S.C. §543.

11. Pursuant to applicable rules, the Debtor reserves the right to call Robert Snyder, Manager of the Debtor in support of this Motion.

12. On an interim basis and pending the final hearing on the Debtor's Motion, the Debtor proposes to grant a replacement liens to the creditors identified in paragraph 6 of this Motion.

13. By making this Motion, the Debtor is not seeking to cross collateralize any pre-petition debt with post-petition collateral. The Debtor is not admitting the validity perfection or amount of any pre-petition secured claim or waiving any right with respect thereto. The relief sought does not grant a lien on the Debtor's avoidance claims or bankruptcy causes of action as enumerated under the Bankruptcy Code. This Motion does not propose to secure pre-petition debt with post-petition loans or otherwise attempt to roll a pre-petition obligation into a post-petition obligation. This Motion does not deal with or carve out fees of any professionals. This Motion does not propose to prime any debt of the Debtor nor does this Motion provide automatic summary relief from the automatic stay to any creditor. The Debtor is simply proposing to use cash collateral to pay essential operating expenses and a grant replacement liens in the Debtor's assets to the creditors identified in paragraph 6 above, which replacement liens would have the same priority, dignity and effect as the pre-petition liens held by said creditors, all pending the final hearing on the Debtor's Motion.

**WHEREFORE**, the Debtor, through its undersigned attorney, respectfully moves the Court for an Order granting the Debtor's Motion for expedited relief and granting the Debtor's Motion authorizing it to use cash collateral and authorizing the Debtor to grant replacement liens to the Minnesota Department of Revenue, Mr. Saffell, Mr. Hellein, Bemidji HGW, LLC, Corporation Services Company and Access Point Financial, which replacement liens will have the same priority, dignity and effect as the pre-petition liens held by said creditors, and for such other and further relief as the Court may deem just and equitable.

Date: June 28, 2016.

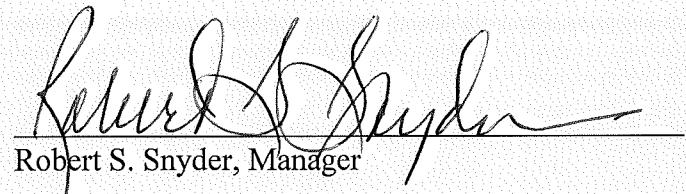
/e/ Steven B. Nosek

Steven B. Nosek, #79960  
2855 Anthony Lane South, Suite 201  
St. Anthony, MN 55418  
(612) 335-9171  
[snosek@noseklawfirm.com](mailto:snosek@noseklawfirm.com)  
**ATTORNEY FOR DEBTOR**

## VERIFICATION

I, Robert S. Snyder, Manager of the Debtor named in the foregoing pleading, declare under penalty of perjury that the foregoing pleading is true and correct according to the best of my knowledge, information and belief.

Dated: 6-28-16



Robert S. Snyder, Manager

## EXHIBIT A

### RULE 4001-2 STATEMENT

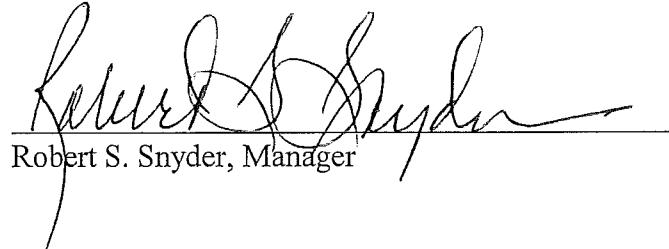
The Debtor has filed a partial set of Schedules and asks the Court to take judicial notice thereof. Attached as **Exhibit 1** is a Balance Sheet for the Debtor as of June 30, 2016. Attached as **Exhibit 2** is a month-by-month Profit and Loss Statement for the Debtor for the months of January through May 2016. Attached as **Exhibit 3** is a 2016 Cash Flow projection for the Debtor. Attached as **Exhibit 4** is a list of the Debtor essential and critical expenditures, without which the Debtor cannot operate its business.

The Debtor alleges, as a result of its operations, its assets will not materially decline or change in the time period between the initial and final hearings on the Debtor's motion for use of cash collateral. Authorizing the Debtor to expend funds for critical expenditures will preserve the interests of creditors, irreparable harm will occur if the motion is not granted.

The Debtor projects revenue for July to be between \$160,000.00 and \$200,000.00.

The undersigned verifies under penalty of perjury that the information contained in this pleading is true and correct according to the best of his knowledge information and belief.

Dated: June 28, 2016.



Robert S. Snyder

**Wayzata Rochester 16 Hospitality Associates LLC**  
**Balance Sheet**  
**As of June 30, 2016**

	<b>Total</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
100 Cash - Hotel (Cash Drawer)	387.01
101 Cash - Restaurant (Cash Drawer)	0.00
102 Cash - MINN WEST	0.00
103 PIP Construction	0.00
104 PIP Petty	0.00
105 Cash - Payroll	0.00
106 Other Bank Account	0.00
107 Cash - Petty Cash	0.00
108 Bremer Bank Checking	0.00
108.5 Anchor Checking	-34,817.61
109 Premier Banks - GM Petty	3,065.59
109.5 Wells Fargo	30.00
<b>Total Bank Accounts</b>	<b>\$ 31,335.01</b>
<b>Accounts Receivable</b>	
111 Accounts Receivable - City Ledger	33,009.16
112 Accounts Receivable - Guest Ledger	193,931.30
113 Accounts Receivable - Food/Beverage	0.00
114 Advances	0.00
<b>Total Accounts Receivable</b>	<b>\$ 226,940.46</b>
<b>Other current assets</b>	
119 (Due to) Due from Cowboy Jack's	-18,301.77
120 Food Inventory	0.00
121 Liquor Inventory	0.00
122 Breakfast Food Inventory	0.00
123 Pantry Inventory	2.05
130 Prepaid Expenses	14,706.91
132 Prepaid Real Estate Taxes	0.00
135 Prepaid Licenses	0.00
136 Undeposited Funds	0.00
199 Other Current Assets	286.10
<b>Total Other current assets</b>	<b>\$ 3,306.71</b>
<b>Total Current Assets</b>	<b>\$ 192,298.74</b>
<b>Fixed Assets</b>	
140 Land	500,000.00
141 Structure	2,853,749.57
141.5 Furniture & Fixtures	1,453,009.62
142 Furniture & Equipment - PIP	2,872,329.43
142.2 Capitalized Soft Costs	29,314.29
142.5 Food & Beverage FF&E	980,000.00
<b>Total Fixed Assets</b>	<b>\$ 8,688,402.91</b>
<b>Other Assets</b>	
154 Amortized Closing Fees	262,614.08
195 Investment in Affiliate	116,038.08

Total Other Assets	\$	378,652.16
<b>TOTAL ASSETS</b>	\$	<b>9,259,353.81</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
<b>200 Accounts Payable</b>		1,157,512.51
<b>Total Accounts Payable</b>	\$	<b>1,157,512.51</b>
<b>Other Current Liabilities</b>		
<b>201 Accrued Payroll</b>		0.00
<b>203 Federal Withholding - Payroll</b>		89.82
<b>205 Accrued Interest</b>		0.00
<b>206 Accrued Real Estate Taxes</b>		0.00
<b>207 MN Sales Tax Payable</b>		473.48
<b>208 Advance Deposits</b>		0.00
<b>210 Accrued Unemployment</b>		0.00
<b>211 Accrued Other</b>		0.00
<b>213 Lodging Tax</b>		191,440.94
<b>214 Food Tax</b>		0.00
<b>215 Open Account</b>		0.00
<b>219 Loan Payable - Short Term-On-Deck Capital</b>		289,084.01
<b>227 Pass Through Account</b>		88,278.30
<b>Payroll Liabilities</b>		0.00
<b>Federal Taxes (941/944)</b>		61,980.89
<b>Federal Unemployment (940)</b>		826.09
<b>MN Income Tax</b>		8,405.06
<b>MN Unemployment Taxes</b>		6,464.98
<b>Olmsted County Community Services</b>		0.00
<b>State Wage Levy</b>		2,524.80
<b>Total Payroll Liabilities</b>	\$	<b>80,201.82</b>
<b>Total Other Current Liabilities</b>	\$	<b>649,568.37</b>
<b>Total Current Liabilities</b>	\$	<b>1,807,080.88</b>
<b>Long-Term Liabilities</b>		
<b>216 Loan Payable - WILLEX</b>		100,000.00
<b>217 Loan Payable - Trimont #7007801</b>		1,628,318.37
<b>218 Loan Payable - Trimont #7007901</b>		3,670,828.48
<b>221 Loan Payable - BRPI</b>		-76,473.36
<b>222 Loan Payable - Stockholder</b>		197,331.65
<b>223 Loan Payable - Winona</b>		-20,899.41
<b>226 Other Loan Payable</b>		10,400.44
<b>Total Long-Term Liabilities</b>	\$	<b>5,509,506.17</b>
<b>Total Liabilities</b>	\$	<b>7,316,587.05</b>
<b>Equity</b>		
<b>300 Opening Balance Equity</b>		1,000,000.00
<b>301 Member Contributions</b>		1,705,000.00
<b>305 Member Distributions</b>		-109,500.31
<b>310 Retained Earnings</b>		-390,099.28
<b>Partner Distributions</b>		-566.67
<b>Net Income</b>		-262,066.98
<b>Total Equity</b>	\$	<b>1,942,766.76</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	\$	<b>9,259,353.81</b>

**Wayzata Rochester 16 Hospitality Associates LLC**  
**Profit and Loss**  
**January - May, 2016**

	<b>Jan 2016</b>	<b>Feb 2016</b>	<b>Mar 2016</b>	<b>Apr 2016</b>	<b>May 2016</b>	<b>Total</b>
<b>Income</b>						
400 Room Revenue						0.00
401 Room Revenue - Taxable	125,437.28	128,717.08	132,135.56	89,800.75	110,250.64	586,341.31
403 GTD No Show Revenue	-78.00	745.28	1,000.72	624.49	67.53	2,360.02
405 Certificate Sales				40,400.00	81,015.00	121,415.00
<b>Total 400 Room Revenue</b>	<b>\$ 125,359.28</b>	<b>\$ 129,462.36</b>	<b>\$ 133,136.28</b>	<b>\$ 130,825.24</b>	<b>\$ 191,333.17</b>	<b>\$ 710,116.33</b>
750 Sundry Commissions Revenue						0.00
751 Vending Commissions	-65.00	64.50	87.50	0.00	0.00	87.00
752 Sundry Revenue	37.47	28.48	0.00	11.76	51.00	128.71
755 Meeting Room Rental	485.00	125.00	5,392.02	-3,018.72	450.00	3,433.30
<b>Total 750 Sundry Commissions Revenue</b>	<b>\$ 457.47</b>	<b>\$ 217.98</b>	<b>\$ 5,479.52</b>	<b>-\$ 3,006.96</b>	<b>\$ 501.00</b>	<b>\$ 3,649.01</b>
775 Other Income						0.00
783 Miscellaneous Income	3,094.20	2,173.02	724.42	2,427.13	2,208.26	10,627.03
786 Rental - Sign	650.00	650.00	1,300.00	650.00	650.00	3,900.00
788 Store Rental	10,635.72	17,240.22	9,681.80	12,512.12	8,588.10	58,657.96
<b>Total 775 Other Income</b>	<b>\$ 14,379.92</b>	<b>\$ 20,063.24</b>	<b>\$ 11,706.22</b>	<b>\$ 15,589.25</b>	<b>\$ 11,446.36</b>	<b>\$ 73,184.99</b>
<b>Total Income</b>	<b>\$ 140,196.67</b>	<b>\$ 149,743.58</b>	<b>\$ 150,322.02</b>	<b>\$ 143,407.53</b>	<b>\$ 203,280.53</b>	<b>\$ 786,950.33</b>
<b>Gross Profit</b>	<b>\$ 140,196.67</b>	<b>\$ 149,743.58</b>	<b>\$ 150,322.02</b>	<b>\$ 143,407.53</b>	<b>\$ 203,280.53</b>	<b>\$ 786,950.33</b>
<b>Expenses</b>						
408 Cost of Breakfast - ROOM						
410 Room Department PAYROLL Expense	1,460.00	760.00	2,640.00	2,520.00	2,400.00	9,780.00
411 Payroll - Front Desk	11,622.97	9,207.96	7,237.79	6,269.79	6,070.24	40,408.75
412 Payroll - Housekeeping	9,600.40	9,672.30	10,707.60	10,921.09	9,975.58	50,876.97
413 Payroll - Laundry	714.87	2,273.85	2,265.75	1,766.34	1,726.74	8,747.55
414 Payroll - Night Audit			2,433.25	2,968.57	1,382.96	6,784.78
416 Employee Meals - Room		20.00				20.00
417 Workers Compensation - Room	1,578.16	1,578.16	1,980.90	265.37	2,749.63	8,152.22
419 Payroll Taxes - Room	1,889.99	1,948.46	2,032.74	2,049.36	1,751.24	9,671.79
<b>Total 410 Room Department PAYROLL Expense</b>	<b>\$ 25,426.39</b>	<b>\$ 24,680.73</b>	<b>\$ 26,658.03</b>	<b>\$ 24,240.52</b>	<b>\$ 23,656.39</b>	<b>\$ 124,662.06</b>
420 Room Department OTHER Expense						0.00
421 Cleaning Supplies	27.89	28.50	2.16		61.54	120.09
422 Front Desk Supplies	218.13	178.88	548.57	173.17	365.81	1,484.56
423 Guest Supplies	2,281.16	1,725.63	911.09	1,322.19	1,495.12	7,735.19

426 Linen Replacement	1,321.42	430.60	1,752.02
427 Reservation Fees	2,756.00	4,327.70	23,387.12
428 Travel Agent Commissions	4,027.06	27.14	9,545.60
433 Uniforms	42.40	137.37	42.40
436 Office Supplies	137.37	183.20	320.57
446 Television Cable	1,887.90	1,743.14	1,887.78
475 Courtesy Car	1,484.00	1,484.00	1,484.00
492 Laundry Supplies	77.61	57.79	113.72
493 Laundry Other Expense		14.34	564.14
495 Reservation System	59.00	1,656.45	14.34
<b>Total 420 Room Department OTHER Expense</b>	<b>\$ 12,998.52</b>	<b>\$ 9,705.26</b>	<b>\$ 20,808.66</b>
<b>520 Food Department OTHER Expense</b>		<b>\$ 10,123.44</b>	<b>\$ 8,490.32</b>
<b>578 Licenses</b>		<b>35.00</b>	<b>35.00</b>
<b>Total 520 Food Department OTHER Expense</b>		<b>\$ 35.00</b>	<b>\$ 35.00</b>
707 Cost of Calls Local - TELEPHONE	694.38	419.24	1,038.01
709 Internet Fees - TELEPHONE	36.27	4.97	0.00
757 Cost of Sundry - SUNDRY		4.84	283.00
<b>810 Admin &amp; General PAYROLL Expense</b>			
811 Payroll - Admin & General	4,449.42	6,489.50	3,917.59
812 Payroll - OT to be reclassified	497.99	0.00	606.84
819 Payroll Taxes - Admin	668.37	755.09	694.34
<b>Total 810 Admin &amp; General PAYROLL Expense</b>	<b>\$ 5,615.78</b>	<b>\$ 7,244.59</b>	<b>\$ 5,218.77</b>
<b>820 Admin &amp; General Other Expenses</b>		<b>\$ 6,573.47</b>	<b>\$ 7,960.15</b>
822 Bank Charges	52.95	165.98	266.02
824 Credit Card Commissions	1,216.38	2,380.82	2,445.92
826 Data Processing	136.22		2,950.69
829 Employee Relations	100.69	203.62	217.90
834 Guest Relations			378.32
836 Internet Fees		283.00	18.75
838 Licenses	722.00	708.41	412.86
840 Miscellaneous	3,568.13	7,530.56	4,559.53
841 Office Supplies		228.33	3,682.41
842 Postage			3,568.13
845 Telephone Expense	1,059.32	1,008.10	15.39
847 Training Education Expense	338.37	338.37	1,023.23
<b>Total 820 Admin &amp; General Other Expenses</b>	<b>\$ 7,194.06</b>	<b>\$ 12,138.78</b>	<b>\$ 11,913.22</b>
<b>850 Admin &amp; General Other Expenses-Contract Services</b>	<b>\$ 1,427.60</b>	<b>\$ 675.00</b>	<b>\$ 1,180.00</b>
<b>860 Marketing Payroll Expense</b>			<b>670.00</b>
<b>861 Payroll - Marketing</b>	<b>3,750.00</b>	<b>3,750.00</b>	<b>3,750.00</b>
			<b>902.60</b>
			<b>4,855.20</b>
			<b>0.00</b>
			<b>18,750.00</b>

869 Payroll Taxes - Marketing	424.13	421.12	401.63	401.62	401.63	2,050.13
<b>Total 860 Marketing Payroll Expense</b>	<b>\$ 4,174.13</b>	<b>\$ 4,171.12</b>	<b>\$ 4,151.63</b>	<b>\$ 4,151.62</b>	<b>\$ 4,151.63</b>	<b>\$ 20,800.13</b>
870 Marketing Other Expenses						
873 Association Dues	215.00	435.00				650.00
875 WynRewards Fees and Credits	732.86	-2,189.67	761.69	850.41	1,476.96	1,632.25
876 Franchise Marketing Fees	4,797.62	4,868.73	3,979.47	2,932.29	3,088.89	19,667.00
877 Magazine Advertising	150.00		500.00			650.00
878 Miscellaneous			290.80			290.80
<b>884 Sales Promotions</b>						
<b>Total 870 Marketing Other Expenses</b>	<b>\$ 5,940.17</b>	<b>\$ 3,404.86</b>	<b>\$ 5,241.16</b>	<b>\$ 3,782.70</b>	<b>\$ 4,565.85</b>	<b>\$ 22,934.74</b>
900 Utilities						0.00
901 Electricity	19,449.99	18,090.53	14,298.08	12,585.65	10,147.11	74,571.36
902 Gas	14,341.00	5,282.45	1,894.06	2,478.16	1,823.22	25,818.89
903 Water & Sewer	1,059.26	931.82	1,207.47	1,201.62	910.73	5,310.90
<b>Total 900 Utilities</b>	<b>\$ 34,850.25</b>	<b>\$ 24,304.80</b>	<b>\$ 17,399.61</b>	<b>\$ 16,265.43</b>	<b>\$ 12,881.06</b>	<b>\$ 105,701.15</b>
905 Maintenance Expense						0.00
<b>910 Maintenance Payroll Expenses</b>	<b>\$ 731.97</b>	<b>\$ 781.97</b>	<b>\$ 731.97</b>	<b>\$ 731.97</b>	<b>\$ 731.97</b>	<b>\$ 3,709.85</b>
911 Payroll - Maintenance	4,343.22	4,227.37	4,355.48	4,419.32	4,441.54	21,786.93
919 Payroll Taxes - Maintenance	491.21	478.12	474.62	479.82	482.33	2,406.10
<b>Total 910 Maintenance Payroll Expenses</b>	<b>\$ 4,834.43</b>	<b>\$ 4,705.49</b>	<b>\$ 4,830.10</b>	<b>\$ 4,899.14</b>	<b>\$ 4,923.87</b>	<b>\$ 24,193.03</b>
920 Maintenance Dept OTHER Expense						0.00
922 Electrical & Mechanical	165.00	-0.03	200.00		323.00	687.97
925 Air Conditioning & Heating			748.44			748.44
927 Pest Control	65.80	65.80	15.34	61.00		207.94
928 Parking/Snow Removal	2,125.00		475.00	475.00		3,075.00
930 Swimming Pool	1,265.27	502.64	445.37	452.23	541.98	3,207.49
931 Light Bulbs					150.98	150.98
935 Maintenance Contracts		15.93		1,521.21	125.00	1,646.21
939 Miscellaneous		313.50		495.00	510.93	313.50
940 Computers						
942 Key Card & Locks						
944 Supplies & Tools						
<b>Total 920 Maintenance Dept OTHER Expense</b>	<b>\$ 3,637.00</b>	<b>\$ 881.91</b>	<b>\$ 3,417.12</b>	<b>\$ 1,583.99</b>	<b>\$ 1,782.34</b>	<b>\$ 11,302.36</b>
950 Fixed Charges						0.00
953 Insurance	2,668.29	2,668.29	3,281.60	3,129.13	6,806.87	18,554.18
955 Real Estate Taxes	13,256.00	13,256.00	13,256.00	13,256.00	13,256.00	66,280.00
959 Franchise Fees	7,087.70	9,427.08	6,632.45	7,330.69	5,148.15	35,626.07

959.25 Tier 2 Franchise Fees	2,175.00	2,175.00	2,175.00	2,276.23	2,175.00	10,976.23
959.5 Management Fees (3% of Rev)	4,205.90	4,492.31	4,509.66	4,302.23	6,098.42	23,608.51
<b>Total 950 Fixed Charges</b>	<b>\$ 29,392.89</b>	<b>\$ 32,018.68</b>	<b>\$ 29,854.71</b>	<b>\$ 30,294.28</b>	<b>\$ 33,484.44</b>	<b>\$ 155,044.99</b>
970 Interest Expense						0.00
971 Interest Other	-13,246.80	6,954.57	7,285.74	6,954.57	6,954.57	14,902.65
972 Mortgage Interest	42,127.34	42,127.34	42,127.34	42,127.34	42,127.34	210,636.70
<b>Total 970 Interest Expense</b>	<b>\$ 28,880.54</b>	<b>\$ 49,081.91</b>	<b>\$ 49,413.08</b>	<b>\$ 49,081.91</b>	<b>\$ 49,081.91</b>	<b>\$ 225,539.35</b>
<b>Payroll Expenses</b>						0.00
Wages						0.00
Night Auditor						0.00
Total Wages	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
<b>Total Payroll Expenses</b>	<b>\$ 0.00</b>					
<b>Total Expenses</b>	<b>\$ 167,294.38</b>	<b>\$ 174,979.31</b>	<b>\$ 183,462.90</b>	<b>\$ 167,698.55</b>	<b>\$ 163,734.43</b>	<b>\$ 857,169.56</b>
Net Operating Income	<b>-\$ 27,097.71</b>	<b>-\$ 25,235.73</b>	<b>-\$ 33,140.88</b>	<b>-\$ 24,291.02</b>	<b>-\$ 39,546.10</b>	<b>-\$ 70,219.23</b>
Net Income	<b>-\$ 27,097.71</b>	<b>-\$ 25,235.73</b>	<b>-\$ 33,140.88</b>	<b>-\$ 24,291.02</b>	<b>-\$ 39,546.10</b>	<b>-\$ 70,219.23</b>

Monday, Jun 13, 2016 03:13:36 PM PDT GMT-5 - Accrual Basis

**Wayzata Rochester 16 Hospitality/Associates LLC**  
**Budget Overview: '16 BUDGET - FY16 P&L**  
January - December 2016

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total
<b>Days in Month</b>	31	29	31	30	31	30	31	31	30	30	31	31	356
<b>Rooms Available</b>	4495	4205	4495	4350	4495	4350	4495	4350	4495	4350	4495	4495	55070
<b>Occupancy</b>	45.85%	44.45%	48.18%	50.85%	52.98%	53.78%	32.72%	31.87%	30.83%	32.70%	31.35%	40.69%	50.70
<b>ADR</b>	\$90.00	\$96.00	\$99.00	\$102.00	\$104.00	\$112.00	\$119.00	\$119.00	\$119.00	\$116.00	\$110.00	\$	108.75
<b>Income</b>													0.00
400 Room Revenue													2,314,675.00
401 Room Revenue - Taxable													155,000.00
403 GTO No Show Revenue													3,000.00
<b>Total 400 Room Revenue</b>	<b>\$ 185,750.00</b>	<b>\$ 179,702.00</b>	<b>\$ 214,562.00</b>	<b>\$ 225,982.00</b>	<b>\$ 247,925.00</b>	<b>\$ 262,251.00</b>	<b>\$ 175,250.00</b>	<b>\$ 175,250.00</b>	<b>\$ 165,250.00</b>	<b>\$ 165,250.00</b>	<b>\$ 165,250.00</b>	<b>\$ 165,250.00</b>	<b>\$ 2,317,675.00</b>
750 Sundry Commissions Revenue													0.00
751 Vending Commissions													5,339.00
752 Sundry Revenue													6,600.00
<b>Total 750 Sundry Commissions Revenue</b>	<b>\$ 888.00</b>	<b>\$ 880.00</b>	<b>\$ 1,028.00</b>	<b>\$ 1,046.00</b>	<b>\$ 969.00</b>	<b>\$ 1,095.00</b>	<b>\$ 1,185.00</b>	<b>\$ 1,104.00</b>	<b>\$ 945.00</b>	<b>\$ 1,077.00</b>	<b>\$ 876.00</b>	<b>\$ 840.00</b>	<b>\$ 11,936.00</b>
775 Other Income													2,400.00
786 Rental - Sign													7,800.00
788 Store Rental													167,000.00
<b>Total 775 Other Income</b>	<b>\$ 14,000.00</b>	<b>\$ 177,200.00</b>											
<b>Total Income</b>	<b>\$ 14,850.00</b>	<b>\$ 256,817.00</b>											
<b>Total Income</b>	<b>\$ 201,488.00</b>	<b>\$ 195,432.00</b>	<b>\$ 230,541.00</b>	<b>\$ 241,781.00</b>	<b>\$ 263,744.00</b>	<b>\$ 278,197.00</b>	<b>\$ 190,285.00</b>	<b>\$ 191,204.00</b>	<b>\$ 181,046.00</b>	<b>\$ 181,117.00</b>	<b>\$ 180,976.00</b>	<b>\$ 170,940.00</b>	<b>\$ 2,506,811.00</b>
<b>Gross Profit</b>													0.00
<b>Expenses</b>													0.00
410 Room Department PAYROLL Expense													0.00
411 Payroll - Front Desk													108,481.00
412 Payroll - Housekeeping													193,364.00
413 Payroll - Laundry													24,500.00
417 Workers Compensation - Room													20,400.00
419 Payroll Taxes - Room													34,340.50
<b>Total 410 Room Department PAYROLL Expense</b>	<b>\$ 34,001.00</b>	<b>\$ 32,817.00</b>	<b>\$ 35,523.00</b>	<b>\$ 36,073.00</b>	<b>\$ 36,320.00</b>	<b>\$ 37,899.00</b>	<b>\$ 29,262.50</b>	<b>\$ 29,042.00</b>	<b>\$ 27,454.40</b>	<b>\$ 27,116.53</b>	<b>\$ 27,002.38</b>	<b>\$ 381,589.00</b>	<b>0.00</b>
420 Room Department OTHER Expense													0.00
421 Cleaning Supplies													5,931.00
422 Front Desk Supplies													1,200.00
423 Guest Supplies													24,896.00
425 Guest Newspapers													4,449.00
426 Linen Replacement													40,281.00
427 Reservation Fees													12,000.00
428 Travel Agent Commissions													0.00
433 Uniforms													60,000.00
435 Office Supplies													2,700.00
437 Printing & Stationery													18,000.00
446 Television Cable													19,000.00
475 Courtesy Car													8,400.00
493 Laundry Supplies													6,000.00
493 Laundry Other Expense													0.00
<b>Total 420 Room Department OTHER Expense</b>	<b>\$ 11,474.00</b>	<b>\$ 11,518.00</b>	<b>\$ 12,553.00</b>	<b>\$ 13,217.00</b>	<b>\$ 13,595.00</b>	<b>\$ 13,998.00</b>	<b>\$ 12,133.50</b>	<b>\$ 11,562.50</b>	<b>\$ 11,089.50</b>	<b>\$ 11,494.50</b>	<b>\$ 10,856.50</b>	<b>\$ 10,457.50</b>	<b>\$ 143,671.00</b>
707 Cost of Calls - TELEPHONE													12,000.00
709 Internet Fees - TELEPHONE													7,000.00
757 Cost of Sundry - SUNDARY													8,400.00
810 Admin & General PAYROLL Expense													6,000.00



930 Swimming Pool		350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	4,220.00
931 Light Bulbs		40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	480.00
935 Maintenance Contracts		150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	1,800.00
939 Miscellaneous		300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	3,600.00
942 Key Card & Locks		30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	360.00
Total 930 Maintenance Dept OTHER Expense												
950 Fixed Charges												
955 Insurance												
955 Real Estate Taxes												
959 Franchise Fees												
959.25 Tier 2 Franchise Fees												
Total 950 Fixed Charges												
960 Depreciation/Amortization												
961 Depreciation												
963 Amortization - Other Charges												
Total 960 Depreciation/Amortization												
970 Interest Expense												
971 Interest Other												
972 Mortgage Interest												
Total 970 Interest Expense												
Total Expenses												
Net Operating Income												
Net Income												

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WAYZATA ROCHESTER 16 HOSPITALITY ASSOCIATES  
 dba ROCHESTER WYNDHAM GARDEN HOTEL  
 CHAPTER 11 CRITICAL EXPENSES NEXT 30 DAYS

ITEM	TO	ESTIMATE
PAYROLL	Employees	\$30,000 per month
UTILITIES	RPU	\$15,000 per month
	MN ENERGY	\$5,000 per month
	GARBAGE MAN	\$750 per month
PHONE;INTERNET	INTEGRA	\$1,038 per month
	H.I.S.	\$283 per month
	CHARTER	\$385 per month
INSURANCE	SECURA	\$9,885 for two months
FIRE PROTECTION	FIRE PROTECTION SERVICES	\$850 per month
	UMMIT FIRE PROTECTION	\$125 per month
TV	DIRECT TV	\$2,000 per month
MAYO SHUTTLE	YELLOW CAB	\$1,484 per month
MARKETING	BOOKINGS.COM	\$1,500 per month
	WYNDHAM FRANCHISE FEES	\$14,000 per month
	ROCHESTER CVB	\$520 per month
ELEVATOR CONTRACTS		\$1586 per quarter, due end June
MN DEPT HEALTH	LICENSE	\$35 per month
PROPERTY MGT.	BRPI	3% of revenue, estimated \$3,300 per month

**UNITED STATES BANKRUPTCY COURT**  
**DISTRICT OF MINNESOTA**

Wayzata-Rochester 16 Hospitality Associates,  
LLC,  
Debtor.

BKY No.: 16-32038  
Chapter 11

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**Memorandum of Law**

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Wayzata-Rochester 16 Hospitality Associates, LLC (“Debtor”) submits this Memorandum of Law in support of its Expedited Motion for Order Authorizing Use of Cash Collateral (“Motion”).

**I. STATEMENT OF FACTS**

The Debtor relies on the verified statement of facts and Local Rule 4001-2 statement contained in the Motion and incorporates the same herewith.

**II. STATEMENT OF LAW AND DISCUSSION**

Section 363(c)(2) of the Bankruptcy Code provides that a debtor in possession may use cash collateral only with the secured creditor's consent or if the court, after notice and a hearing, so orders. Section 363(e) of the Bankruptcy Code provides that the court must provide the secured creditor with adequate protection of its interest upon request of the creditor. The Eighth Circuit Court of Appeals has discussed the issue of adequate protection in the following terms:

In any given case, the bankruptcy court must necessarily (1) establish the value of the secured creditor's interest, (2) identify the risks to the secured creditor's value resulting from the debtor's request for use of cash collateral, and (3) determine whether the debtor's adequate protection proposal protects values as nearly as possible against risks to that value consistent with the concept of indubitable equivalence.

*In re Martin*, 761 F.2d 472, 476-77 (8th Cir. 1985).

Based on the facts alleged in the Motion, the Secured Creditors' interests in the collateral are adequately protected by the Debtor's offer. The Debtor has estimated the liquidation value of its assets. The Debtor's cash collateral since the filing date will increase, demonstrating further adequate protection.

Usually, in a Chapter 11, the risk to a secured creditor's interests in cash collateral is that the Debtor will use all of the collateral and not generate sufficient post-petition collateral to replace the used collateral. That is not a concern here, as the collateral will not decrease during the pendency of this case.

The Debtor has set forth how the value of its assets will increase between the Filing Date and the dates through which the Debtor seeks use of cash collateral. The Debtor has further set forth its necessary budget. Pursuant to the Debtor's budget, the collateral position of the Secured Creditors does not adversely change in a material way during the period of the proposed use of cash collateral.

The Debtor's offer to the Secured Creditors as adequate protection of their interests is the Offer of Adequate Protection described in the Motion. Based on the facts and circumstances of this case the Offer of Adequate Protection adequately protects the Secured Creditors from any risks to their collateral from the Debtor's use of same.

The Court should grant the motion of the Debtor authorizing the use of cash collateral. The Debtor has immediate need to use cash collateral in which the Secured Creditors have an interest. The Debtor's use of cash collateral during the pendency of this case poses a nominal risk to the interests of the Secured Creditors. The Secured Creditors will be adequately protected by the granting of a post-petition lien with the same status, dignity and priority as existed in the cash collateral prior to the filing of the Debtor's petition, by the carrying of insurance for the full

replacement value of the collateral, by continuing to operate and to generate replacement collateral and by any other form of protection contained in the offer of adequate protection described in the Motion.

The Debtor request an order authorizing use of cash collateral so that the Debtor may meet the ordinary expenses of operating the Debtor's business in accordance with the budget and cash flow projections attached to the Debtor's Declaration.

### **III. CONCLUSION**

For the foregoing reasons, the Court should approve the Debtor's the use of cash collateral on an interim and final basis as provided in the Motion.

Dated: June 28, 2016.

By: /e/ Steven B. Nosek  
Steven B. Nosek (79960)  
2855 Anthony Lane South, Suite 201  
Minneapolis, MN 55418  
Telephone: 612-335-9171  
Fax: 612-789-2109  
[snosek@noseklawfirm.com](mailto:snosek@noseklawfirm.com)  
**ATTORNEYS FOR DEBTOR**

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

In Re:

BKY No.: 16-32038  
Chapter 11

**Wayzata-Rochester 16 Hospitality  
Associates, LLC,**

**Debtor.**

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**CERTIFICATE OF SERVICE**

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I hereby certify that on June 28, 2016, I caused a copy of **Notice of Expedited Hearing and Motion for Approval to Use Cash Collateral and for Adequate Protection; Verification; Memorandum of Law; Proposed Order** to be filed electronically with the Clerk of Court through ECF, and that ECF will send an e-notice of the electronic filing to the following:

US Trustee: [ustpregion12.mn.ecf@usdoj.gov](mailto:ustpregion12.mn.ecf@usdoj.gov), [ecfbkup@comcast.net](mailto:ecfbkup@comcast.net)

Michael R Fadlovich: [michael.fadlovich@usdoj.gov](mailto:michael.fadlovich@usdoj.gov)

I further certify that I caused a copy of the **Notice of Expedited Hearing and Motion for Approval to Use Cash Collateral and for Adequate Protection; Verification; Memorandum of Law; Proposed Order** to be faxed and/or emailed and/or mailed by US Mail to the following:

Wayzata-Rochester 16 Hospitality Associates, LLC c/o Robert S. Snyder 1513 Bay Ridge Road Wayzata MN 55391 <a href="mailto:tripp@brpi.co">tripp@brpi.co</a>	Access Point Financial, Inc. David Wahl-Managing Director One Ravinia Drive-9 <sup>th</sup> Floor Atlanta GA 30346 <a href="mailto:dwahl@accesspointfinancial.com">dwahl@accesspointfinancial.com</a>	Barbara M. Ross Best & Flanagan LLP 60 S 6 <sup>th</sup> Street, #2700 Minneapolis MN 55402 <a href="mailto:bross@bestlaw.com">bross@bestlaw.com</a>
Graham H. Stieglitz Burr Forman 171 – 17 <sup>th</sup> Street NW, #1100 Atlanta GA 30363 <a href="mailto:gstieglitz@burr.com">gstieglitz@burr.com</a>	Astonia 22011 Industrial Blvd Rogers, MN 55374 <a href="mailto:eric@astoniacocom">eric@astoniacocom</a>	Bay Ridge Properties Intl 201 E Lake Street #202 Wayzata MN 55391 <a href="mailto:tripp@brpi.com">tripp@brpi.com</a>
Berg Exteriors, Inc. 5145 Industrial Street, #1 Maple Plain, MN 55359 <a href="mailto:info@bergexteriors.com">info@bergexteriors.com</a>	Patrick J. Neaton Neaton & Puklich PLLP 7975 Stone Creek Drive, #120 Chanhassen MN 55317 <a href="mailto:pat@neatonpuklich.com">pat@neatonpuklich.com</a>	Buhler 700 King Edward Street Winnipeg MB R3H 1B4 CANADA <a href="mailto:Dshearer@buhlerfurniture.com">Dshearer@buhlerfurniture.com</a>
Daniel R. Tyson Nilsson Brandt PA 310 4 <sup>th</sup> Ave S #510 Minneapolis MN 55415 <a href="mailto:Dan.tyson@nilssonlaw.com">Dan.tyson@nilssonlaw.com</a>	Floors to Go 5525 Dalles Drive Shakopee MN 55379 Fax: 952-445-0519	Garbage Man PO Box 7685 Rochester MN 55903

M.C.I., Inc. 26 1 <sup>st</sup> Avenue North Waite Park MN 56387 Fax: 1-320-253-9458	Andrew Steil Gray Plant Mooty 1010 W St. Germain #500 St. Cloud MN 56301 <a href="mailto:Andrew.Steil@gpmlaw.com">Andrew.Steil@gpmlaw.com</a>	McMartin Electric, Inc. 64005 – 130 <sup>th</sup> Avenue Claremont MN 55924 Fax: 1-507-528-2578
Mn Dept of Revenue Bankruptcy Section PO Box 64447 St. Paul MN 55164-0447 <a href="mailto:Mdor.bkysec@state.mn.us">Mdor.bkysec@state.mn.us</a>	PIP Purchasing, Inc. 1513 Bay Ridge Road Wayzata MN 55391 <a href="mailto:pam@brpc.com">pam@brpc.com</a>	Sean Hellein 4446 Hendricks Ave #333 Jacksonville FL 32207 <a href="mailto:Hellein.sean@yahoo.com">Hellein.sean@yahoo.com</a>
Rochester Public Utilities PO Box 77074 Minneapolis MN 55480 <a href="mailto:info@rpu.org">info@rpu.org</a>	Roger Zahn Thomason Swanson & Zahn PLLC 120 N Main Ave POB 87 Park Rapids MN 56470 <a href="mailto:rogerzahn@tszlaw.com">rogerzahn@tszlaw.com</a>	Secura Insurance Companies POB 3053 Milwaukee WI 53201 <a href="mailto:info@secura.net">info@secura.net</a>
Superior Companies of MN Inc. 1244 60 <sup>th</sup> Avenue NW, Suite C Rochester MN 55901 Fax: 1-507-289-8360	Daniel P. Doda Doda McGeeney 975 34 <sup>th</sup> Avenue NW #400 Rochester MN 55901 <a href="mailto:daniel@dodaMcGeeney.com">daniel@dodaMcGeeney.com</a>	Title Vest Teresa Hill-Underwriting Officer HQ 44 Wall Street New York NY 10005 <a href="mailto:tehill@titlevest.com">tehill@titlevest.com</a>
Trimont Real Estate Advisors 3424 Peachtree Rd NE #2200 Atlanta GA 30326 <a href="mailto:info@trimontrea.com">info@trimontrea.com</a>	Winona Inn LP c/o Roger Anderson Law Office of Roger D. Anderson 6 W 5 <sup>th</sup> St #700 St. Paul MN 55102 <a href="mailto:Randerson@2314Law.com">Randerson@2314Law.com</a>	Bemidji HGW, LLC 1910 San Marco Blvd. Jacksonville FL 32207 <a href="mailto:Hellein.sean@yahoo.com">Hellein.sean@yahoo.com</a> And <a href="mailto:psaffell@thegranitepeakgroup.com">psaffell@thegranitepeakgroup.com</a>
Wyndham Hotel Group 14 Sylvan Way – 1 <sup>st</sup> Floor Parsippany NJ 07054 <a href="mailto:Glen.bishop@wyn.com">Glen.bishop@wyn.com</a>	IRS District Director Room 320 Stop 5700 30 7 <sup>th</sup> St E #1222 St. Paul MN 55101	IRS District Counsel 380 Jackson Street 650 Cray Plaza St. Paul MN 55101
US Attorney 300 S 4 <sup>th</sup> Street #600 Minneapolis, MN 55415 Fax: 612-664-5788	Corporation Services Company PO Box 2576 Springfield IL 62708 <a href="mailto:Sprfiling@cscinfo.com">Sprfiling@cscinfo.com</a>	Paul Saffell 1910 San Marco Blvd. Jacksonville FL 32207 <a href="mailto:psaffell@thegranitepeakgroup.com">psaffell@thegranitepeakgroup.com</a>

Dated this 28<sup>th</sup> day of June, 2016.

/e/ Steven B. Nosek

Steven B. Nosek, #79960

2855 Anthony Lane South, Suite 201

St. Anthony, MN 55418

(612) 335-9171

ATTORNEY FOR DEBTOR

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

In Re:

BKY No.: 16-32038  
Chapter 11 Case

Wayzata-Rochester 16 Hospitality  
Associates, LLC,

ORDER

**Debtor.**

---

The Motion of Wayzata-Rochester 16 Hospitality Associates, LLC ("Debtor") for an expedited telephonic hearing and for an Order granting use of cash collateral and to grant adequate protection hearing came on before the undersigned on the 30<sup>th</sup> day of June, 2016. Appearances were noted.

**IT IS HEREBY ORDERED:**

1. The Debtor's Motion for expedited relief is GRANTED;
2. The Debtor's Motion for use of cash collateral is GRANTED, and the Debtor is authorized on an interim basis, to use cash collateral as described in the Debtor's Motion;
3. The Debtor is authorized to grant the Minnesota Department of Revenue, Paul Saffell, Sean Hellein, Bemidji HGW, LLC, Corporation Services Company and Access Point Financial, Inc. replacement liens on all assets of the Debtor-In-Possession to the extent of use of cash collateral, which replacement liens shall have the same priority, dignity and effect as the pre-petition liens held by said creditors. Assets excluded from the replacement liens are the Debtor's bankruptcy causes of action; and
4. The replacement liens granted herein shall be perfected without filing.

**Dated:**

---

**William J. Fisher**  
**United States Bankruptcy Judge**